



House of Representatives

General Assembly

File No. 182

February Session, 2012

Substitute House Bill No. 5269

House of Representatives, March 29, 2012

The Committee on Commerce reported through REP. BERGER of the 73rd Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING REPORTING REQUIREMENTS AND ENFORCING JOB CREATION COMMITMENTS ON CERTAIN STATE-SPONSORED PROJECTS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 32-41 of the 2012 supplement to the general
2 statutes is repealed and the following is substituted in lieu thereof
3 (*Effective from passage*):

4 (a) (1) The Department of Economic and Community Development
5 shall establish a first five plus program to encourage business
6 expansion and job creation. As part of said program, the department
7 may provide substantial financial assistance to up to ten eligible
8 business development projects in the fiscal year ending June 30, 2012,
9 and up to five eligible business development projects in the fiscal year
10 ending June 30, 2013.

11 (2) A business development project eligible for financial assistance
12 under the first five plus program shall commit, in the manner

13 prescribed by the Commissioner of Economic and Community
14 Development, to (A) create not less than two hundred new jobs within
15 twenty-four months from the date such application is approved; or (B)
16 invest not less than twenty-five million dollars and create not less than
17 two hundred new jobs within five years from the date such application
18 is approved. On and after the effective date of this section, any
19 business development project that commits to create two hundred new
20 jobs pursuant to this section shall be required, as a condition of
21 receiving financial assistance, to maintain such new jobs for a period of
22 not less than one calendar year from the date the business
23 development project satisfies the new job commitment requirement.

24 (3) The Commissioner of Economic and Community Development
25 may give preference to a business development project that (A)
26 involves the relocation of an out-of-state or international manufacturer
27 or corporate headquarters, or (B) is a redevelopment project if the
28 commissioner believes such redevelopment project will create jobs
29 sooner than the schedule set forth in subdivision (2) of this subsection.

30 (4) The Commissioner of Economic and Community Development
31 may, in awarding financial assistance to an eligible business
32 development project, work with the Connecticut Development
33 Authority and Connecticut Innovations, Incorporated, to secure
34 financing for such project.

35 (5) The Commissioner of Economic and Community Development
36 shall certify to the Governor for his or her approval that a business
37 development project applicant has satisfied all the eligibility criteria in
38 the program. Financial assistance awarded through the first five plus
39 program shall be with the written consent of the Governor.

40 (b) Financial assistance for the first five plus program for eligible
41 business development projects shall be exempt from the provisions of
42 subsection (c) of section 32-223, section 32-462, subsection (q) of section
43 32-9t and, at the commissioner's discretion, section 12-211a for the
44 fiscal years ending June 30, 2012, and June 30, 2013.

45 (c) The commissioner [may] shall take such action as [the
46 commissioner deems] necessary or appropriate to enforce [such] a
47 business development project's commitment to create or invest in new
48 jobs, including, but not limited to, establishing terms and conditions
49 for the repayment of any financial assistance awarded pursuant to the
50 provisions of this section.

51 (d) On or before January 1, 2012, on or before September 1, 2012, on
52 or before January 1, 2013, and on or before September 1, 2013, the
53 Commissioner of Economic and Community Development shall report
54 in accordance with the provisions of section 11-4a to the joint standing
55 committees of the General Assembly having cognizance of matters
56 relating to commerce and finance, revenue and bonding on the projects
57 funded through the first five plus program, the number of jobs created
58 and the impact on the economy of this state.

59 Sec. 2. Subsection (a) of section 32-1m of the 2012 supplement to the
60 general statutes is amended by adding subdivision (25) as follows
61 (*Effective from passage*):

62 (NEW) (25) With regard to each economic development investment
63 of ten million dollars or more for a single project or program made by
64 the department in the ten fiscal years prior to the current fiscal year:
65 (A) The amount of the department's original investment, (B) the
66 projected return on the investment, (C) the projected number of jobs to
67 be created by the investment, (D) the status of the project or program,
68 and (E) the economic impact of the project or program, including any
69 (i) tax revenue generated by the project or program, and (ii) other
70 economic development that resulted as a byproduct of the investment
71 in the project or program.

72 Sec. 3. (NEW) (*Effective from passage*) Not later than October 1, 2012,
73 and monthly thereafter, the Commissioner of Economic and
74 Community Development shall submit a report to the Governor and
75 the General Assembly, in accordance with the provisions of section 11-
76 4a of the general statutes. Such report shall include, with regard to
77 each economic development investment of ten million dollars or more

78 for a single project or program made by the department in the current
 79 fiscal year: (1) The amount of the department's original investment, (2)
 80 the amount of any additional funds provided by the department to the
 81 project or program, (3) the status of any construction related to the
 82 project or program, and (4) the projected number of jobs to be created
 83 by the project or program.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	32-4l
Sec. 2	<i>from passage</i>	32-1m(a)
Sec. 3	<i>from passage</i>	New section

Statement of Legislative Commissioners:

In section 1(a)(2) "to" was deleted and "of" was inserted in lieu thereof to comply with proper rules of grammar, and in section 2(a)(25)(D) and (E) and section 3(3) "funded by the investment" was deleted for grammatical consistency.

CE *Joint Favorable Subst.-LCO*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note**State Impact:** None**Municipal Impact:** None**Explanation**

The bill imposes new requirements on projects participating in "First Five Plus," and requires the Commissioner of the Department of Economic and Community Development (DECD) to enforce the program's job commitments. The bill also requires the Department of Economic and Community Development to report on certain economic development projects on a monthly and annual basis. There is no fiscal impact as the agency currently tracks the information required to be reported by the bill.

The Out Years**State Impact:** None**Municipal Impact:** None

OLR BILL ANALYSIS**sHB 5269*****AN ACT CONCERNING REPORTING REQUIREMENTS AND ENFORCING JOB CREATION COMMITMENTS ON CERTAIN STATE-SPONSORED PROJECTS.*****SUMMARY:**

This bill imposes new accountability requirements on certain economic development projects and programs. It requires businesses committing to create 200 new jobs under the "First Five Plus" Program to maintain them for at least one year after creating the 200th job. The program provides substantial financial assistance to businesses committing to (1) create at least 200 jobs within 24 months after receiving assistance or (2) create at least that number of jobs and invest at least \$25 million within five years after receiving the assistance.

The program is administered by the Department of Economic and Community Development (DECD). The bill requires, rather than allows, the DECD commissioner to take any steps she deems necessary to ensure that a business receiving First Five Plus assistance meets the job creation and, if applicable, the investment goals.

Lastly, the bill requires the commissioner to report on the status and economic impact of projects and programs receiving \$10 million or more in DECD funding. She must do so by (1) submitting monthly reports on these projects to the governor and legislature, starting October 1, 2012, and (2) including a separate section on these projects in her annual report to the legislature.

EFFECTIVE DATE: Upon passage

NEW REPORTING REQUIREMENTS***Monthly Report***

The bill requires the DECD commissioner to report monthly and annually on projects and programs that received \$10 million or more in DECD funding. The monthly reports must track each project or program that received \$10 million or more during the current fiscal year. At a minimum, the report must:

1. indicate DECD's original investment,
2. additional funds DECD provided,
3. the status of any project- or program-related construction, and
4. the number of jobs the project or program expects to create.

The monthly reports go to the governor and the legislature, starting October 1, 2012.

Annual Report

The bill also requires DECD's February 1 annual report to the legislature to include a section on projects and programs that received \$10 million or more in funding during the previous 10 fiscal years. For each project or program meeting the \$10 million criterion, the report must:

1. indicate DECD's original investment;
2. the projected return on that investment;
3. the projected number of jobs the investment is expected to create;
4. the project's or program's status; and
5. the project's or program's economic impact, including the tax revenue it generates and other economic development resulting from the investment.

BACKGROUND

Related Bill

sSB 81 221 (File 35) allows the DECD commissioner to give a preference under the First Five Plus Program to businesses proposing projects that will relocate overseas jobs to Connecticut and reserves \$20 million from an existing FY 13 bond authorization for such businesses.

COMMITTEE ACTION

Commerce Committee

Joint Favorable

Yea 18 Nay 0 (03/15/2012)